

REQUEST FOR APPROVAL

To: Carol Mortensen
Director

From: Tom Estes
Deputy Director, Administration, Finance, & Information Technology
Services Division

Request Date: July 10, 2014

Decision Subject: Consideration of the Electronic Waste Recycling Fee

Action By: July 17, 2014

Summary of Request: The Electronic Waste Recycling Act of 2003 (Public Resources Code 42460, et seq) establishes a financing mechanism intended to develop an infrastructure to provide convenient recycling opportunities and reduce the inappropriate disposal of certain electronic products discarded in California. This financing mechanism is funded by a covered electronic waste recycling fee that is assessed on consumers at the time of retail purchase of a new covered electronic device.

Pursuant to PRC 42464(f), CalRecycle has the responsibility to annually assess the adequacy of the covered electronic waste recycling fee to generate sufficient revenues to fund the operation and administration of the covered electronic waste (CEW) recycling program and all other provisions of the Act. CalRecycle must determine by the statutory date of August 1, 2014, whether any fee adjustments are necessary. Any adjustments made to the fee levels would take effect on January 1, 2015.

Recommendation:

Staff recommends that the covered electronic waste recycling fee remain at:

- **Three dollars (\$3)** for each covered electronic device with a screen size of less than 15 inches measured diagonally.
- **Four dollars (\$4)** for each covered electronic device with a screen size greater than or equal to 15 inches but less than 35 inches measured diagonally.
- **Five dollars (\$5)** for each covered electronic device with a screen size greater than or equal to 35 inches measured diagonally.

Staff further recommends that Title 14 of the California Code of Regulations, section 18660.40 be revised to clarify and reflect the electronic waste recycling fee levels and to eliminate extraneous language associated with previous fee levels as depicted in Attachment 4 of this Request for Approval.

This recommendation is based on an analysis of the following:

- The CEW recovery and recycling trends to estimate possible payment obligations
- The covered electronic device sales trends to project revenue potential
- Program-related operational costs
- Available fund reserves

Upon approval of this recommendation, staff will work with the CalRecycle Legal Office to revise and promulgate emergency regulations, as authorized by PRC 42475.2, so that the existing fee levels are maintained in Title 14 of the California Code of Regulations, section 18660.40.

Director Action: On the basis of the information, analysis, and findings in this Request for Approval, I hereby approve the staff recommendation outlined above that the electronic waste recycling fee levels remain at a \$3/\$4/\$5 fee scale and, in doing so, fulfill CalRecycle's obligations pursuant to PRC 42464(f) to review and adjust the fee as necessary to ensure operational solvency and maintain prudent reserves.

Dated: 7/15/2014

Carol Mortensen

Carol Mortensen
Director

Attachments:

1. Background and Summary of Program Costs and Revenue Need Considerations
2. Historical CEW Recycling Claim Volumes
3. Fee Model and Analysis
4. Proposed Revised Regulatory Language to Maintain the Electronic Waste Recycling Fee